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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 11, 2012

Robert Steele and Tony Peck
1055 North 400 East
Nephi, Utah 84648

Subject: Conditional Approval of Amended Notice of Intention to Commence Large Mining Operations, Robert Steele and Tony Peck, Nephi Gypsum Mine, M/023/011, Juab County, Utah

Dear Messrs. Steele and Peck:

On January 25, 2012, the Division of Oil, Gas and Mining received an amendment to the referenced Notice of Intention to Commence Large Mining Operations (NOI). The amendment was for a reduction of the permit acreage and partial bond release.

A site inspection was conducted April 25, 2012, to determine which areas of the mine could be released, which areas were mined prior to enactment of the Utah Mined Land Reclamation Act (pre-law areas), and which areas should be otherwise excluded from the permitted area. A map was created using data collected with a GPS unit during this inspection, and a copy of this map is enclosed.

The area requiring reclamation is 12 acres. The total reclamation surety required is \$62,000.00 which is based on the 12 acres of disturbance and information in the following table:

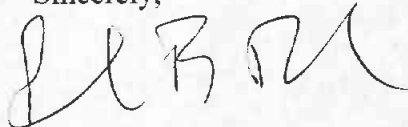
Project Size (Acres)	Surety 3 & 5 year escalation 2012	Comments
First acres (5-year escalation)	\$8,100 (5-year escalation)	\$8,100.00
Additional acres (5-year escalation)	\$4,900 x 11 acres = \$53,900.00 (5-year escalation)	\$53,900.00
Total (5-year escalation)	12 acres (5-year escalation)	\$62,000.00

Please provide the following:

1. Two copies of the complete and corrected plan. Please amend the existing NOI and include a copy of the permit boundary map.
2. Reclamation surety in the amount of \$62,000.00 which is an increase of \$26,000.00. The surety currently is in the form of a letter of credit. You may submit the additional surety with an amendment to the letter of credit, or you may submit a new letter of credit, a surety bond, cash, or a certificate of deposit either for the total or the increased amount. Please contact Penny Berry at (801) 538-5291 or by e mail at pennyberry@utah.gov for additional information and to obtain the appropriate reclamation surety forms.

Thank you for your cooperation and patience in completing this permitting process. Please contact me at (801) 538-5261 or Wayne Western at (801) 538-5263 if you have questions regarding this letter.

Sincerely,



Paul Baker
Minerals Program Manager